

Message Text

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47

ACTION EUR-25

INFO OCT-01 EA-11 IO-14 ISO-00 EURE-00 XMB-07 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 EB-11 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 SP-03 FEA-02 OMB-01 SWF-02 OIC-04 DRC-01

NEA-14 OPIC-12 SIL-01 /243 W
----- 049625

P R 061645Z MAY 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 4645

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMCONSUL MILAN

AMCONGUL NAPLES

LIMITED OFFICIAL USE ROME 6207

E.O. 11652: N/A

TAGS: EFIN, ETRD IT

SUBJECT: IMPORT DEPOSIT MEASURE: FURTHER EXPLANATION AND OECD

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DECLARATION

REF: ROME 6131

1. ECON-COMM MINISTER CALLED ON GUAZZARONI, DIRECTOR GENERAL ECONOMIC AFFAIRS, MFA TO DISCUSS IMPORT DEPOSIT SYSTEM PRIOR TO LATTER'S DEPARTURE FOR BRUSSELS.

2. GUAZZARONI BRIEFLY SKETCHED GOI RATIONALE FOR MEASURE ALONG FOLLOWING LINES; (A) JAN AND FEB IMPORTS, INSTEAD OF FOLLOWING SEASONAL PATTERN OF SLOWDOWN AFTER USUAL DECEMBER SURGE, CONTINUED TO MOUNT; (B) IMPORTS OF MEAT PRODUCTS WERE GROWING AT A "ABNORMAL" RATE, WITH PARTICULARLY PRONOUNCED INCREASES FROM FRANCE AND THE FRG; (C) PROGRAM IS PRIMARILY MONETARY IN OBJECTIVE AND DESIGNED TO MINIMIZE IMPACT ON TRADING PARTNERS; AND (D) IT WAS SELECTED AS VIRTUALLY ONLY COURSE OF ACTION OPEN FOR GOI ASIDE FROM INTERNATIONALLY DANGEROUS GENERALIZED DEFLATION AND/OR EXCHANGE RATE ADJUSTMENT.

3. GUAZZARONI STRESSED THAT THE MEASURE IS TEMPORARY AND WILL BE WITHDRAWN AS SOON AS CIRCUMSTANCES PERMIT, PERHAPS EVEN IN A FEW MONTHS. HE SAID HE MUCH APPRECIATES THE FOREBEARING ATTITUDE WHICH THE US HAD SHOWN IN ITS PRESS RELEASE (STATE 090223 NOTAL).

4. ECMIN ASKED GUAZZARONI WHAT EFFECT IMPORT DEPOSIT SCHEME WOULD HAVE ON ITALIAN ATTITUDES TOWARD OECD DRAFT DECLARATION RENOUNCING UNILATERAL TRADE AND CURRENT ACCOUNT MEASURES. (OECD PARIS 10070). GUAZZARONI AFTER AGAIN ALLUDING TO ESSENTIALLY MONETARY NATURE OF IMPORT DEPOSITS, SAID HE THOUGHT THAT GOI STILL FAVORS THE DECLARATION AND, AS LONG AS IT HAS NO EFFECT ON THE INTERNATIONAL ACCEPTABILITY OF THE IMPORT DEPOSIT MEASURE, WOULD BE PREPARED TO ACCEPT IT. VOLPE

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30 JUN 2005

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